

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 860

Introduced by Assembly Members Perea and Bocanegra
(Coauthor: Assembly Member Bonta)
(Coauthor: Senator Rubio)

February 21, 2013

An act to amend Section 1341.45 of the Health and Safety Code, relating to health professions.

LEGISLATIVE COUNSEL'S DIGEST

AB 860, as amended, Perea. Medical school scholarships.

Existing law provides for the regulation of health care service plans by the Department of Managed Health Care and imposes certain requirements on health care service plans. Existing law imposes various fines and administrative penalties for certain violations of these provisions that are deposited in the Managed Care Administrative Fines and Penalties Fund. Existing law requires the first \$1,000,000 in the fund to be transferred each year to the Medically Underserved Account for Physicians for the purposes of the Steven M. Thompson Physician Corps Loan Repayment Program. Existing law requires all remaining funds to be transferred each year to the Major Risk Medical Insurance Fund for purposes of the Major Risk Medical Insurance Program.

Existing law establishes within the Health Professions Education Foundation the Steven M. Thompson Medical School Scholarship Program (STMSSP), managed by the foundation and the Office of Statewide Health Planning and Development to promote the education of medical doctors and doctors of osteopathy, as specified. Existing law provides up to \$105,000 per recipient in scholarships to selected

participants who agree in writing prior to completing an accredited medical or osteopathic school based in the United States to serve in an eligible setting. Existing law establishes the Steven M. Thompson Medical School Scholarship Account within the Health Professions Education Fund, which consists of private moneys donated to the STMSSP.

This bill would, beginning January 1, 2014, require that *the first \$1,000,000, be transferred each year from the Managed Care Administrative Fines and Penalties Fund to the Medically Underserved Account for Physicians, for purposes of the STMSSP, as specified, upon appropriation by the legislature. This bill would, beginning January 1, 2014, require that no less than \$1,000,000 be transferred each year from the Managed Care Administrative Fines and Penalties Fund Fund, provided that the fund has \$2,000,000 or more in it, to the Steven M. Thompson Medical School Scholarship Account, for purposes of the STMSSP, upon appropriation by the Legislature. The bill would provide that if the Managed Care Administrative Fines and Penalties Fund has a balance of less than \$2,000,000, the first \$1,000,000 be transferred to the Medically Underserved Account for Physicians and the remainder, if any, to the Steven M. Thompson Medical School Scholarship Account.* The bill would require that any amount remaining over the amounts transferred to the Medically Underserved Account for Physicians and the Steven M. Thompson Medical School Scholarship Account be transferred each year to the Major Risk Medical Insurance Fund for purposes of the Major Risk Medical Insurance Program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1341.45 of the Health and Safety Code
- 2 is amended to read:
- 3 1341.45. (a) There is hereby created in the State Treasury the
- 4 Managed Care Administrative Fines and Penalties Fund.
- 5 (b) The fines and administrative penalties collected pursuant to
- 6 this chapter, on and after September 30, 2008, shall be deposited
- 7 into the Managed Care Administrative Fines and Penalties Fund.
- 8 (c) The fines and administrative penalties deposited into the
- 9 Managed Care Administrative Fines and Penalties Fund shall be

transferred by the department, beginning September 1, 2009, and annually thereafter, as follows:

(1) The first one million dollars (\$1,000,000) shall be transferred to the Medically Underserved Account for Physicians within the Health Professions Education Fund and shall, upon appropriation by the Legislature, be used for the purposes of the Steven M. Thompson Physician Corps Loan Repayment Program, as specified in Article 5 (commencing with Section 128550) or Chapter 5 of Part 3 of Division 107 and, notwithstanding Section 128555, shall not be used to provide funding for the Physician Volunteer Program.

(2) Beginning January 1, 2014, *if the Managed Care Administrative Fines and Penalties Fund has two million dollars (\$2,000,000) or more*, no less than one million dollars (\$1,000,000) shall be transferred to the Steven M. Thompson Medical School Scholarship Account within the Health Professions Education Fund, created pursuant to Section 128580, and shall, upon appropriation by the Legislature, be used by the Office of Statewide Health Planning and Development for the Steven M. Thompson Medical School Scholarship Program for the purposes specified in Article 6 (commencing with Section 128560) of Chapter 5 of Part 3 of Division 107.

(3) Any amount over the amounts *that are subject to transfer* as specified in paragraphs (1) and (2), including accrued interest, in the fund shall be transferred to the Major Risk Medical Insurance Fund created pursuant to Section 12739 of the Insurance Code and shall, upon appropriation by the Legislature, be used for the Major Risk Medical Insurance Program for the purposes specified in Section 12739.1 of the Insurance Code.

(4) *If the Managed Care Administrative Fines and Penalties Fund has a balance of less than two million dollars (\$2,000,000), the first one million dollars (\$1,000,000), shall be transferred pursuant to paragraph (1), and the remainder, if any, shall be transferred to the Steven M. Thompson Medical School Scholarship Account and shall, upon appropriation by the Legislature, be used for the purposes described in paragraph (2).*

(d) Notwithstanding subdivision (b) of Section 1356 and Section 1356.1, the fines and administrative penalties authorized pursuant

- 1 to this chapter shall not be used to reduce the assessments imposed
- 2 on health care service plans pursuant to Section 1356.

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